

## Message Text

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PAGE 01 STATE 096852  
ORIGIN EA-12

INFO OCT-01 ISO-00 L-03 EB-08 SP-02 INR-10 SS-15 /051 R

DRAFTED BY EA/TIMBS:MMEASTON:LGR  
APPROVED BY EA/TIMBS - ROBERT E. FRITTS  
L/EA - SORLINS

-----024570 150124Z /65  
P 150043Z APR 78  
FM SECSTATE WASHDC  
TO AMEMBASSY KUALA LUMPUR PRIORITY

C O N F I D E N T I A L STATE 096852

STADIS//////////

E.O. 11652: GDS

TAGS: PGOV, PINT, MY, US

SUBJECT: SEC COMPLAINT

REF: A) KUALA LUMPUR 2966; B) STATE 094209; C) KUALA LUMPUR  
3053.

1. APRIL 14 WASHINGTON POST CARRIES FRONT PAGE COLUMN  
TITLED "SEC SUIT ACCUSES PAGE AIRWAYS OF ILLEGAL PAYMENTS".  
ARTICLE STATE SEC CHARGED APRIL 13 THAT PAGE AIRWAYS INC.  
AND ITS TOP OFFICERS MADE MORE THAN \$2.5 MILLION WORTH OF  
ILLEGAL PAYMENTS TO FOREIGN OFFICIALS. PAYMENTS ACCORDING  
TO SEC WERE MADE IN CONNECTION WITH SALE OF JET AIRCRAFT TO  
ASIAN AND AFRICAN GOVERNMENTS. SUIT FILED IN U.S. DISTRICT  
COURT WASHINGTON ALLEGES PAGE CONCEALED THE PAYMENTS BY  
MAKING "FALSE, INCOMPLETE AND MISLEADING ENTRIES" IN ITS  
BOOKS. SEC ALSO CHARGED PAGE HID ALL OF ITS SIZEABLE  
BUSINESS OPERATIONS IN UGANDA FROM ITS STOCKHOLDERS. IN  
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PRESS RELEASE PAGE DECLARED IT WOULD FIGHT SEC CIVIL ACTION:  
"OUR DENIALS OF THE ALLEGATIONS IN THE COMPLAINT, WHICH  
ALLEGATIONS HAVE NO MERIT, WILL BE MADE IN COURT; OUR  
DEFENSE WILL BE MADE IN COURT; AND OUR VINDICATION WILL TAKE  
PLACE IN COURT."

2. ARTICLE STATES THAT PAGE HAD SALES OF 251 MILLION DOLS

BETWEEN 1971 AND 1976 AND THAT SEC ALLEGES THAT QUESTIONABLE PAYMENTS WERE MADE IN CONNECTION WITH OVER 60 MILLION DOLS OF THOSE SALES. THESE DESCRIBED AS TRANSACTION BETWEEN PAGE AND FOREIGN OFFICIALS OF GABON, SABAH, IVORY COAST, SAUDI INTERNATIONAL AIRLINES, AND MOROCCO. SEC ALSO NOTED PAGE RECEIVED SUBSTANTIAL AMOUNTS OF CASH FROM UGANDA.

3. TEXT REGARDING SABAH AS PRINTED IN POST FOLLOWS:  
BEGIN TEXT: IN 1972 AND 1973, TWO GULFSTREAM II AIRCRAFT WERE SOLD TO THE STATE GOVERNMENT OF SABAH, MALAYSIA. BETWEEN 1972 AND 1976, THE SEC CHARGED THAT 900,000 DOLS WAS PAID TO A COMPANY CALLED GAYA HOUSE SENDIRIAN BERHAD CONTROLLED BY DATUK HARRIS BIN MOHAMED SALLEH, WHO WAS STATE MINISTER OF INDUSTRIAL DEVELOPMENT AND IN 1976 BECAME CHIEF MINISTER OF SABAH. THE PAYMENTS ALLEGEDLY WERE MADE THROUGH THUNDERBALL SHIPPING AND TRADING LTD. IN HONG KONG, AND DATUK HARRIS IS CHAIRMAN OF BOTH CONCERNS, THE SEC SAID. END TEXT.

4. DEPT WILL ATTEMPT OBTAIN FULL TEXT SEC COMPLAINT FOR BOTH AMBASSADOR ZAIN AND AMEMBASSY KL. CHRISTOPHER

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## Message Attributes

**Automatic Decaptioning:** Z  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PRESS COMMENTS, LITIGATION, CORRUPTION, BRIBERY, AIRLINES, ALLEGATIONS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 15 apr 1978  
**Decaption Date:** 20 Mar 2014  
**Decaption Note:** 25 YEAR REVIEW  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 jan 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978STATE096852  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** MMEASTON:LGR  
**Enclosure:** DECLASSIFIED PER 8/13/79 MEMO FROM L/EB - FRANK WILLIS  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
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**Office:** ORIGIN EA  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** STADIS  
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**Reference:** 78 KUALA LUMPUR 2966, 78 STATE 94209, 78 KUALA LUMPUR 8  
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**TAGS:** PGOV, PINT, PINS, MY, US, SEC, PAGE AIRWAYS  
**To:** KUALA LUMPUR  
**Type:** TE  
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**Review Markings:**  
Sheryl P. Walter  
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US Department of State  
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**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014